

UNITED STATES DEPARTMENT OF AGRICULTURE

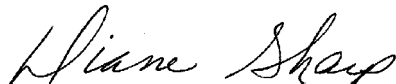
Farm Service Agency
Washington, DC 20250

Notice CN-937

For: State and County Offices

Special Policy Waivers for Loan Deficiency Payments (LDP) for 2001 Crop Cotton

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

The Farm Security and Rural Investment Act of 2002 (the Act) provides special provisions for 2001 crop year LDP's. The special provisions extend 2001 crop year LDP eligibility to producers who:

- produced eligible marketing loan commodities on non-Production Flexibility Contract (PFC) farms
- lost beneficial interest in marketing loan commodities whether produced on a PFC or non-PFC farm.

B

Purpose

This notice informs State and County Offices and Loan Servicing Agents of:

- special 2001 crop year LDP provisions
- policies and procedures for determining the applicable LDP rate
- instructions for accepting special 2001 crop year LDP requests
- their responsibilities for administering the provisions in this notice.

This notice also informs cotton Cooperative Marketing Associations that these provisions apply to LDP requests made on behalf of their eligible members through the Automated Cotton Reporting System.

Disposal Date	Distribution
November 1, 2002	State Offices; State Offices relay to County Offices, Cotton CMA's, and LSA's

2 Special Provisions for 2001 Crop LDP's

A

Special Beneficial Interest Provisions for 2001 Crop LDP's

For 2001 crop year **only**, LDP's are available for upland cotton whether:

- produced on a PFC or non-PFC farm
- beneficial interest was lost before submitting an LDP request or is still retained. Producers who previously requested LDP's, but were disapproved because beneficial interest was lost, are now eligible to receive LDP's.

LDP's are available if the following conditions apply:

- producer did **not** previously receive a loan or LDP on the applicable cotton
 - the cotton meets other eligibility requirements (other than the PFC-production and beneficial interest) according to 7-CN
 - producer has **not** exceeded 2001 crop year payment limitation.
-

B

Application Deadline and Requirements

Producers may apply for 2001 crop cotton LDP's before 30 calendar days after the publication of the regulations in the FR, whether the cotton was:

- produced on a PFC farm or non-PFC farm
- marketed or **not** marketed before the applicable final loan availability date.

For marketed cotton, producers must provide documentation, such as sales receipts, that indicate when beneficial interest was lost. This is because the payment rate for marketed cotton will be based on the date beneficial interest was lost.

3 LDP Rates and APSS Procedure

A

Determining LDP Rate

Eligible producers (PFC and non-PFC production) who:

- have lost beneficial interest will be provided an LDP based on the rate in effect on the date beneficial interest was lost
- retained beneficial interest will be provided an LDP based on the rate in effect on the date of the request.

Note: Requests received before May 13, 2002, for LDP's on non-PFC production are invalid requests because there was **no** authority before May 13, 2002, for CCC to accept such requests. Therefore, the payment rate for non-PFC production is based on the rate effective on the earlier of the:

- date of the request (which can be no earlier than May 13, 2002)
 - date beneficial interest was lost.
-

B

Processing Special LDP's in APSS

Automation procedures for processing the special 2001-crop LDP requests will be included in a future CN notice.

4 Action

A State Office Action

State Offices shall:

- publicize the contents of this notice immediately to the maximum extent possible
- instruct County Offices to notify **all** producers, immediately of the contents of this notice using all available resources
- review STC minutes to identify cases involving producers who requested relief because of loss of beneficial interest, but were denied based on the statutory requirements

Note: Contact the appropriate County Office to take action.

- return relief or appeal cases involving loss of beneficial interest to the applicable County Offices.

Continued on the next page

4 Action (Continued)

B

County Office and LSA Action

County Offices and LSA's shall:

- notify all producers immediately of the contents of this notice using all available resources
- accept 2001-crop cotton LDP applications from PFC or non-PFC farms for cotton regardless of whether beneficial interest has been lost in such cotton, before 30 calendar days after the publication of the regulations in the FR
- act upon any pending relief or appeal cases involving loss of beneficial interest by contacting appellants to inform them that if they will withdraw their request for relief or appeal in writing, the original LDP request will be processed.

For requests for relief that are:

- withdrawn in writing, the County Office or LSA shall honor the original LDP request, using the LDP rate in effect on the date beneficial interest was lost
- known to be at the National Appeals Division (NAD) appeal level, State and County Offices and LSA's shall contact and inform the producer of this policy.

Note: The producer is responsible for contacting NAD to withdraw an appeal.

C

CMA Action

CMA's shall for:

- cotton meeting the special provisions according to paragraph 2 of this Notice, submit 2001-cotton LDP requests to ACRS, according to 21-CN, before 30 calendar days after the publication of the regulations in the FR
 - marketed cotton, retain documentation, such as sales receipts, that indicate when beneficial interest was lost. This is because the payment rate for marketed cotton will be based on the date beneficial interest was lost.
-